CNETINST 5200.6C
Code 00GR

2 0 MAR 2000

CNET INSTRUCTION 5200.6C

Subj: MANAGEMENT CONTROL PROGRAM

Ref: (a) Federal Managers' Financial Integrity Act (FMFIA) of
            1982 (31 U. S. Code 3512)
        (b) Standards for Internal Control in the Federal
            Government (GAO/AIMD-00-21.3.1)
        (c) OMB Circular A-123 (NOTAL)
        (d) SECNAVINST 5200.35D (NOTAL)
        (e) OPNAVINST 5200.25C
        (f) CNO ltr Ser N09B21G/7U508446 of 15 Dec 97 (NOTAL)
        (g) CNO Management Control Program Manual
        (h) CNETINST 5000.4A
        (i) CNETINST 5040.6B
        (j) OPNAVINST 3500.39

Encl: (1) Flowchart of the Management Control (MC) Program
        (2) General Information - MC Program
        (3) NAVEDTRACOM Work Processes (WPs)/Assessable Units
            (AUs) Inventory
        (4) Internal Control System Test and Operational Risk
            Management Assessment (CNET 5200/25)
        (5) Sample Flowchart and Test
        (6) Sample Activity Management Control Certification
            Statement

1. Purpose. To provide revised Department of the Navy (DON)
policy and guidance, and to assign responsibilities for the
Management Control (MC) Program. This instruction has been
extensively revised and must be read in its entirety.

2. Cancellation. CNETINST 5200.6B

3. Scope. All commanders and commanding officers are responsible
for establishing and monitoring internal controls (or management
safeguards) for their commands. References (a) through (j) apply.
Guidelines for NROTC units are provided via other correspondence.
Internal controls are built into the work process to provide
reasonable assurance that resources are safeguarded; information
is accurate and reliable; laws, regulations, and policies are
adhered to; and economy and efficiency are achieved. As such, the
MC Program applies to all programs and functions.

4. Background

a. The Budget and Accounting Procedures Act of 1950 required that each agency head establish and maintain a system of accounting and internal controls. The expectation was that such a system would help diminish fraud, waste, abuse, and mismanagement in Federal Government operations. In August 1980, the Act notwithstanding, the General Accounting Office (GAO) reported that widespread internal control breakdowns continued to occur in the Federal Government.

b. As a result of the GAO findings, the Congress passed reference (a) in September 1982. The FMFIA mandates that each executive agency's internal accounting and administrative controls be established in accordance with standards prescribed by the Comptroller General. In reference (b), the GAO provides the standards for internal control in the government. Further, the Act requires that OMB, in consultation with the GAO, publish guidelines for agencies to use in establishing, maintaining, evaluating, improving and reporting annually on their internal control systems. The OMB guidelines are spelled out in reference (c). The annual report of assurance from the head of each executive agency is submitted to the President and Congress. It attests to the agency's efforts to comply with the requirements of the Act. The statement shall describe the agency's internal control weaknesses, if any, and corrective plans.

c. In reference (d), SECNAV places strong emphasis on adhering to the principles of FMFIA. The MC Program encompasses all programs and functions within Navy, not just the comptroller functions of budgeting, recording, and accounting for revenues and expenditures. Managers are required to incorporate basic management controls into the strategies, plans, guidance, and procedures governing their programs and operations. SECNAV requests that reviews be conducted annually vice every 5 years.

d. References (e) through (g) provide basic guidelines for implementing the MC Program in commands reporting to CNO. This instruction is intended to supplement CNO guidance.

5. Discussion

a. FMFIA requires managers to be active participants in the stewardship of Federal resources. The DON MC Program implements the law in the Navy. All MANAGERS (not solely the comptroller) are accountable for establishing, maintaining, evaluating, and improving internal control systems for their respective processes.

b. Internal/management controls are the organization, policies, and procedures used to reasonably assure:

(1) Programs and operations achieve intended results.

(2) Resources are used consistent with the Navy's mission.

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(3) Programs and resources are protected from fraud, waste, abuse, and mismanagement.

(4) Laws and regulations are followed.

(5) Reliable and timely information is obtained, maintained, reported, and used for decision making.

c. SECNAV stresses that Management Controls are to be integrated into the daily practices of all managers, and shall:

(1) Encompass all operations and mission responsibilities of an organization.

(2) Not be duplicative of existing information that pertains to evaluating the effectiveness of management controls.

(3) Be advocated and supported by organizational leadership.

(4) Identify, report, and correct material weaknesses. These are instances where internal controls are not in place, not used, or not adequate. The attention of the next higher level of management is required.

d. The concept behind the MC Program is to use existing methods for gauging the health of mission and support processes. A meaningful assessment of the safeguards is more important than a rigid formal documentation of the assessment.

e. Enclosure (1) provides a flowchart to illustrate the process steps associated with this program.

6. Relationship of the Command Evaluation (CE) Program/Local Audit Function to the MC Program. Reference (h) provides CNET policy and guidelines for conducting reviews/audits. The MC Program is a manager's self-assessment tool; the CE Program/Local Audit Function is a disciplined in-house method for performing independent reviews/audits of activity operations. It is an internal mechanism for detecting and correcting a condition that may adversely impact mission, command integrity, or the economical use of resources. During reviews/audits, internal controls are routinely evaluated for adequacy. Where warranted, recommendations are directed to the appropriate manager for corrective action. The individual performing the review/audit is not responsible for establishing, maintaining, or improving internal controls. This falls under management's purview.

7. Relationship of Immediate Superior in Command Oversight/ Mission Capability Assessment (MCA) to the MC Program. The MC Program dovetails MCA. Reference (i) provides the guidelines for performing an MCA. By completing the process analysis associated with the MC Program, a command can also simultaneously prepare for

an MCA. This approach allows the command to stay in a perpetual state of readiness for any inspection or review. This method gives a command a vehicle to quickly gauge the health of its processes with very minimal investment of time and effort.

8. Relationship of Operational Risk Management (ORM) to the MC Program. ORM involves identifying hazards, assessing risks, and implementing controls to reduce the risk associated with any operation. Guidelines for the ORM process are discussed in reference (j). An operation should be continuously monitored for effectiveness of controls and situational changes. The work process flowcharts developed through the MC Program provide a solid framework for assessing risks and evaluating the effective-ness of controls. The flowchart pictorially displays pulse points that permit a rapid preliminary evaluation of various aspects of risk. This method allows the manager to identify and isolate risky areas very rapidly. Consequently, managers are able to make informed decisions about how best to approach risk.

9. Definitions

    a. Pertinent terms are listed in enclosure (2).

    b. Major DON Functional Categories are discussed in enclosure (2). Only 13 of the 15 categories apply to the NAVEDTRACOM.

10. Policy. It is the policy of CNET that all NAVEDTRACOM activi-ties develop, implement, maintain, review, and improve accounting and administrative controls. On an ongoing basis, all commands must be vigilant concerning the adequacy of internal control systems. All levels of management shall comply with the guide-lines of this instruction.

11. Procedures. The MC Program includes the following major steps. Review enclosure (1).

    a. Organize the Process. The commanding officer will formally designate an MC Program coordinator for the command. This may be the Command Evaluation Officer/command auditor or another senior manager. The typical duties of an MC coordinator are discussed in enclosure (2).

    b. Segment the Activity and Assign Responsibilities

        (1) Categorize command WPs/AUs by DON Functional Cate-gories. See enclosure (2) for the categories. A process inventory should reflect the command's mission and associated support elements. For each process, ensure that a responsible manager is identified. Enclosure (3) provides a comprehensive NAVEDTRACOM inventory/menu of potential WPs/AUs that may be applicable to a command. The inventory has columns to identify cognizant and interested managers. "Cognizant" indicates some degree of responsibility for the WPs/AUs. "Interest" shows a need for awareness.

(2) Based upon mission and associated support, commands may have significantly different inventories. To evaluate the work process, develop a one-page mid-level linear flowchart. The flowchart should show the process from start to finish. Enclosures (1) and (5) provide two examples. An important by-product of a flowchart is the identification of pulse points that permit routine testing for effectiveness, efficiency, and economy.

(3) The flowchart defines how the process works. It shows interrelationships with other processes, as well as redundancies. Internal control points are displayed in the form of process and decision steps which serve as prime pulse points. Each pulse point becomes a quality indicator that can be quickly assessed for efficiency, effectiveness, and economy. This assessment provides a picture of risk and vulnerability to internal control breakdowns. This characteristic of the flowchart also affords a non-subject matter expert an opportunity to make a reasonable assessment. Ultimately, this approach permits the commanding officer/executive officer an opportunity to swiftly evaluate command processes without bogging down in minutia. For this reason, flowcharts are invaluable turnover tools.

(4) Flowcharts provide very useful tools for establishing and evaluating a most efficient organization (MEO). They are invaluable instruments for displaying how a process works and the location of internal control points. By identifying process components and interrelationships, commands are in a better position to ensure work is properly gauged. This helps to focus on efficiencies and isolate redundancies. A work measurement calculation can be computed for each process step and decision point. This pictorial presentation with supporting data permits the MEO to be readily verifiable.

c. <u>Internal Control System Test and ORM Assessment</u>

(1) For the work process, test one or two internal control or pulse points on the flowchart. This can be accomplished by one of four methods: (1) a physical inspection or walk-through of the process, (2) reviewing documents, (3) conducting interviews, and (4) evaluating data. Use enclosure (4) to document test results. Retain with the flowchart. When necessary, take the appropriate corrective action.

(2) Pursuant to reference (j), determine if the process has had an ORM Assessment. Are actions being taken as a result of the assessment? Indicate the results on enclosure (4).

(3) Enclosure (5) illustrates a flowchart and test.

d. <u>Submit Annual Management Control Certification Statements</u>. In preparing the annual statement, consider paragraph 5 above. Enclosure (6) provides a sample format.

(1) To ensure the existence of a clear audit trail of accountability at the activity level, department heads shall submit an annual certification statement to the head of the activity. This certification is required regardless of the existence of material weaknesses.

(2) When appropriate, report on the following issues. See attachments A and B to enclosure (6) for a sample format.

(a) Major accomplishments (use CNET 5200/19).

(b) Material weaknesses that are not correctable at the local level (use CNET 5200/17).

(c) Status of corrective actions on weaknesses not previously reported as closed (use CNET 5200/17).

(3) Chief of Naval Air Training and Commander, Naval Training Center, Great Lakes shall submit a consolidated statement covering both headquarters and subordinates. Commands reporting directly to CNET will provide certification statements to CNET (Code 00GR) according to the above guidelines.

e. <u>Annual Reporting Requirements</u>. The certification statement is due to CNET annually by 1 September.

12. <u>Action</u>

a. <u>Heads of Activities</u>

(1) Comply with the policies and procedures set forth in this instruction.

(2) Ensure that all responsible managers actively partici-pate in the MC Program and that their participation is considered during annual performance evaluations.

(3) Ensure that appropriate training is provided to responsible managers and MC coordinators.

(4) Provide your current point of contact and phone number to CNET (Code 00GR), via phone, by 1 March each year. Commercial telephone number is (850)452-4867 or FAX (850)452-8959. DSN prefix is 922.

b. <u>Activities Reporting Directly to CNET</u>. Complete the above actions and the following:

(1) Ensure appropriate managers evaluate field level reports pertaining to their area of responsibility and alert other cognizant commands of unusually good or bad conditions reported.

(2) Ensure planned actions for correcting material weaknesses are completed in a timely manner.

(3) Assess program compliance at subordinate activities.

13. Forms. Obtain CNET 5200/17, 5200/19, and 5200/25 from the CNET Home Page (www.cnet.navy.mil) or use enclosure (4) and attachments A and B to enclosure (6).

14. Report Control Symbol. All reports for this program are assigned Report Control Symbol DD-COMP(AR)1618(5200).

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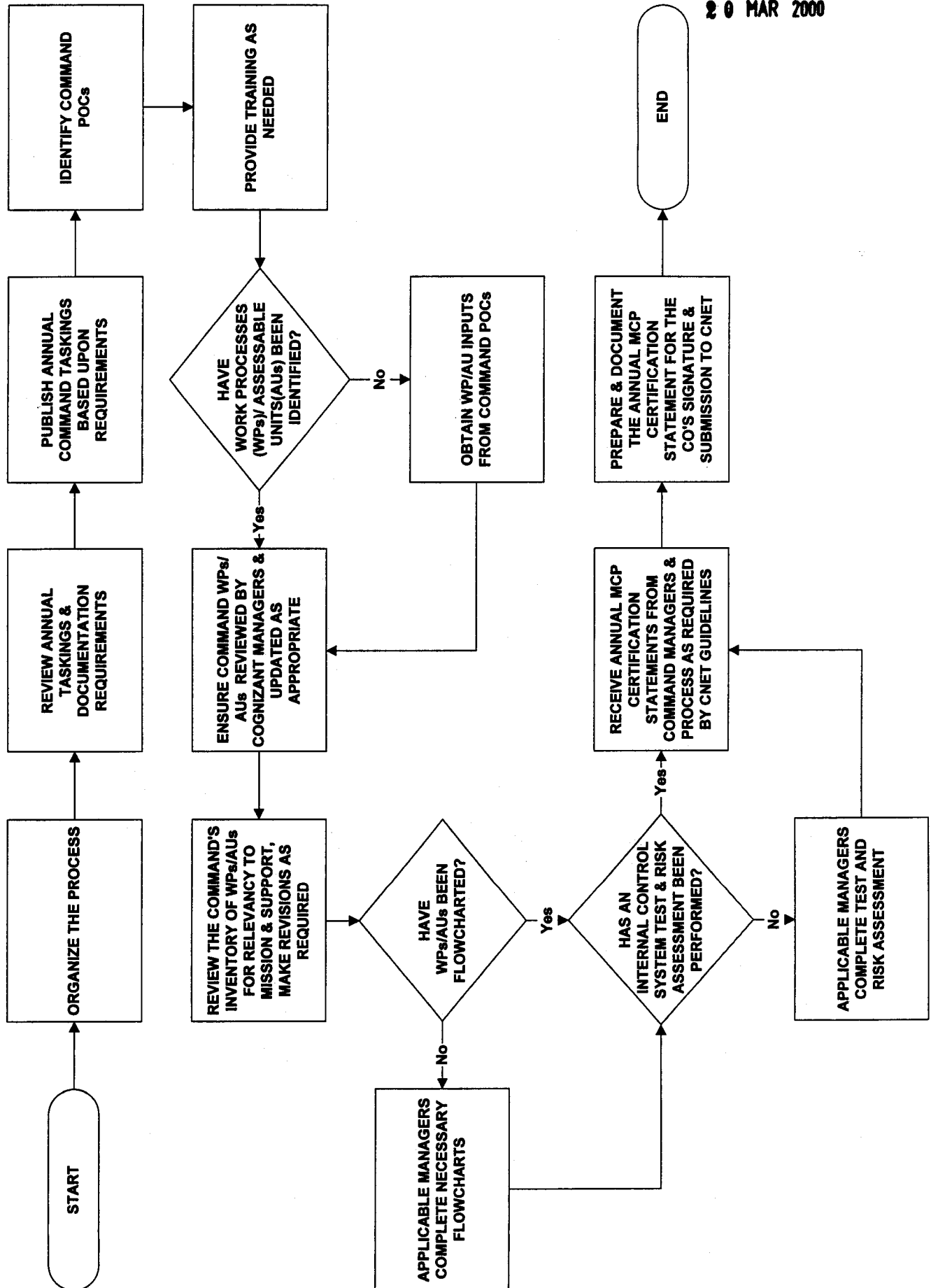Stocked:
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MANAGEMENT CONTROL PROGRAM (MCP) FLOWCHART

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START
  → ORGANIZE THE PROCESS
  → REVIEW ANNUAL TASKINGS & DOCUMENTATION REQUIREMENTS
  → PUBLISH ANNUAL COMMAND TASKINGS BASED UPON REQUIREMENTS
  → IDENTIFY COMMAND POCs
  → PROVIDE TRAINING AS NEEDED
  → HAVE WORK PROCESSES (WPs)/ ASSESSABLE UNITS(AUs) BEEN IDENTIFIED?
      No → OBTAIN WP/AU INPUTS FROM COMMAND POCs
      Yes → ENSURE COMMAND WPs/AUs REVIEWED BY COGNIZANT MANAGERS & UPDATED AS APPROPRIATE
  → REVIEW THE COMMAND'S INVENTORY OF WPs/AUs FOR RELEVANCY TO MISSION & SUPPORT, MAKE REVISIONS AS REQUIRED
  → HAVE WPs/AUs BEEN FLOWCHARTED?
      No → APPLICABLE MANAGERS COMPLETE NECESSARY FLOWCHARTS
      Yes → HAS AN INTERNAL CONTROL SYSTEM TEST & RISK ASSESSMENT BEEN PERFORMED?
          No → APPLICABLE MANAGERS COMPLETE TEST AND RISK ASSESSMENT
          Yes → RECEIVE ANNUAL MCP CERTIFICATION STATEMENTS FROM COMMAND MANAGERS & PROCESS AS REQUIRED BY CNET GUIDELINES
  → PREPARE & DOCUMENT THE ANNUAL MCP CERTIFICATION STATEMENT FOR THE CO'S SIGNATURE & SUBMISSION TO CNET
  → END
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**GENERAL INFORMATION - MANAGEMENT CONTROL (MC) PROGRAM
KEY DEFINITIONS**

Internal Controls or Management Controls. The terms are used synonymously. They are the safeguards built into a work process that ensure resources are used as intended and procedures are followed as directed. The goal is to achieve the best results at the lowest possible cost.

Linear Flowchart. A straight-line graphic depiction of a work process. It displays a sequence of events in the order of occurrence. Elements include a starting point, process steps, decision points, and at least one ending point.

Material Weakness. A material weakness exists when a condition results in a relatively high risk of loss, errors, or irregularities in relation to the assets or resources being managed. Professional judgment, based on applied common sense, must be used when determining materiality. The factors below should be considered in deciding whether a particular condition represents a material weakness.

    (1) Actual or potential loss of five percent or more of resources (e.g., property, inventory, personnel, etc.).
    (2) Actual or potential loss of two percent or more of sensitive resources (e.g., drugs, materials, munitions (weapons and ammunition), etc.).
    (3) Current or probable Congressional or media interest (adverse publicity).
    (4) Impaired fulfillment of mission.
    (5) Unreliable information causing unsound management decisions (e.g., ten percent or more which affect timeliness or data error rate).
    (6) Violations of statutory requirements.
    (7) Systematic deficiencies regardless of the magnitude of resources involved.
    (8) Magnitude of funds, property, or other resources involved.
    (9) Diminished credibility or reputation of management.
    (10) Deprived the public of needed Government services.

Work Processes (WPs)/Assessable Units (AUs). A combination of inputs, actions, and outputs characterized by a starting and at least one ending point. WPs/AUs can be broken down into two broad categories: (1) mission and (2) support. Enclosure (3) displays WPs/AUs by DON Functional Categories. The inventory is intended to provide a menu of possible processes to consider in developing a command inventory.

GENERAL INFORMATION - MANAGEMENT CONTROL (MC) PROGRAM
DON FUNCTIONAL CATEGORIES

1. <u>Research, Development, Test and Evaluation</u>[1]. Covers basic
project definition, approval, and transition from basic research
through development, test, and evaluation and all DoD and
contractor operations involved in accomplishing the project work,
excluding the support functions covered in separate reporting
categories such as Procurement and Contract Administration.

2. <u>Major Systems Acquisition</u>[1]. Covers items designated as major
systems and that are subject to the procedures of the Defense
Acquisition Board, the Military Services Acquisition Review
Councils, or the Selected Acquisition Reporting System. DoD
Directive 5000.1 of 15 March 1996 may be helpful when evaluating a
weakness for inclusion in this category.

3. <u>Procurement</u>. Covers the decisions to purchase items and ser-
vices together with certain actions to award and amend contracts
(e.g., contractual provisions, type of contract, invitation to
bid, independent Government cost estimate, technical specifica-
tions, evaluation and selection process, pricing, and reporting).

4. <u>Contract Administration</u>. Covers the fulfillment of con-
tractual requirements including performance and delivery, quality
control and testing to meet specifications, performance accep-
tance, billing and payment controls, justification for contractual
amendments, and actions to protect the best interests of the
government.

5. <u>Force Readiness</u>. Includes the operational readiness capa-
bility of combat and combat support (both Active and Reserve
component) forces, based on analysis of the use of resources to
attain required combat capability or readiness levels.

6. <u>Manufacturing, Maintenance and Repair</u>. Covers the management
and operation of in-house and contractor-operated facilities per-
forming maintenance and repair of, and/or installation of modifi-
cations to, material, equipment, and supplies. Includes depot and
arsenal-type facilities as well as intermediate and unit levels of
military organizations.

7. <u>Supply Operations</u>. Encompasses supply operations at the
wholesale level (depot and inventory control point) from the
initial determination of material requirements through receipt,
storage, issue reporting and inventory control (excluding the
procurement of materials and supplies). Covers all supply
operations at retail level (customer), including the accounta-
bility and control for supplies and equipment of all commodities

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[1]Not applicable to NAVEDTRACOM.

in the supply accounts of all units and organizations (excluding procurement of material, equipment, and supplies).

8. <u>Property Management</u>. Covers construction, rehabilitation, expansion, improvement, management, and control over real and installed property and facilities (both military and civil works construction). Includes all phases of property life-cycle management from determination of need through disposition. Also covers disposal actions for all material, equipment, and supplies, including the Defense Reutilization and Marketing system.

9. <u>Communications, Security and/or Intelligence</u>. Covers the plans, programs, operations, systems, and management activities for accomplishing the communications and intelligence missions. Includes safeguarding classified resources but not peripheral assets and support functions covered by other reporting categories. Also covers the DoD programs for protection of classified information.

10. <u>Information Technology</u>. This area covers the design, development, testing, approval, deployment, use, and security of electronic data processing systems, computers, and other technologies for processing management information. Includes requirements justification for equipment and software.

11. <u>Personnel and/or Organization Management</u>. Covers authorizations, recruitment, training, assignment, use, development, and management of military and civilian personnel of the Department of Defense. Also includes the operations of headquarters organizations. Contract personnel are not covered by this category.

12. <u>Comptroller/Resources Management</u>. Covers the budget process, finance and accounting, cost analysis, productivity and management improvement, and the general allocation and continuing evaluation of available resources to accomplish mission objectives. Includes pay and allowances for all DoD personnel and all financial management areas not covered by other reporting categories, including those in connection with OMB Circular A-76 (NOTAL).

13. <u>Support Services</u>. Includes all support services functions financed from appropriated funds not covered by the other reporting categories, such as health care, veterinary care, and legal and public affairs services. All non-appropriated fund activities are also covered by this category.

14. <u>Security Assistance</u>. Covers management of DoD Foreign Military Sales, Grant Aid, and International Military Education and Training Programs.

15. <u>Other (Primarily Transportation)</u>. All functional responsibilities not contained in the previously noted categories, including management and use of land, sea, and air transportation for movement of personnel, material, supplies, and equipment using both military and civilian sources.

GENERAL INFORMATION - MANAGEMENT CONTROL (MC) PROGRAM
TYPICAL DUTIES OF MC COORDINATOR

1.   Serves as the command point of contact for the MC Program and advises the commanding officer on program status.

2.   Provides guidance and works with managers regarding annual requirements.

3.   Provides familiarization training and technical assistance as needed.

4.   Ensures the command's inventory of Work Processes (WPs)/ Assessable Units (AUs) are reviewed and updated by cognizant managers.

5.   Evaluates WPs/AUs for relevancy to the command's mission and associated support.

6.   Ensures WPs/AUs are flowcharted and have evidence of an internal control system test and ORM assessment.

7.   Retains copies of command WP/AU flowcharts and evidence of testing and risk assessment.

8.   Compiles management inputs and prepares the annual Management Control Certification Statement for the commanding officer's signature.

9.   Tracks the status of reported material weaknesses identified in the annual Certification Statement.

ACTIVITY WORK PROCESSES (WPs)/ASSESSABLE UNITS (AUs) INVENTORY/MENU		

1. FUNCTIONAL CATEGORY: RESEARCH, DEVELOPMENT, TEST AND EVALUATION (N/A)

2. FUNCTIONAL CATEGORY: MAJOR SYSTEMS ACQUISITION (N/A)

3. FUNCTIONAL CATEGORY: PROCUREMENT

WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Certification of Contractors' Invoices for Payment		
Contracts other than Small Purchase and other Simplified Purchase Procedures and Delivery Orders under Existing Contracts		
Contractor Operations and Maintenance (COMS) Contracts (including Training Device Operation and Maintenance)		
Contractor Simulator Instructions (CSI) Contracts		
Credit Cards - Navy Purchase Card		
Credit Cards - Travel		
Small Purchase and other Simplified Purchase Procedures and Delivery Orders under Existing Contracts		
Procurement Management Reviews		

4. FUNCTIONAL CATEGORY: CONTRACT ADMINISTRATION

WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Aircraft Intermediate/Organizational Maintenance		
Monitoring Contractors' Performance and Inspection and Acceptance of Supplies and Services		
Production Control/Quality Assurance		

5. FUNCTIONAL CATEGORY: FORCE READINESS

WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Casualty Report (CASREP)		
Impaired Training		
Training Readiness Report (TRAREP)		

6. FUNCTIONAL CATEGORY: MANUFACTURING, MAINTENANCE AND REPAIR

WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Calibration Program		
Ground Electronics Maintenance		
Maintenance and Material Management (3M)		
Maintenance/Repair of Equipment (including minor property maintenance)		
Training Devices		

7. FUNCTIONAL CATEGORY: SUPPLY OPERATIONS

WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Aviation Depot Level Repairables (AVDLRs)/DLRs		
Aviation Fuels Management and Accountability (including recycling petroleum products and retail fuel operations)		

7. FUNCTIONAL CATEGORY: SUPPLY OPERATIONS		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Food Service/Subsistence		
Inventory Management (including physical inventory)		
Material Turned into Stores (MTIS)		
MICRO Shipboard Non-Tactical ADP Program (MICROSNAP)		
Storage and Warehousing (including pre-expended bins, ready supply store (RSS), retail self service store (SERVMART), shelf life material, Shop stores, and spare parts management)		
Supply Management (including material requisitioning, issue, receipt)		
Uniform Issue/Clothing		

8. FUNCTIONAL CATEGORY: PROPERTY MANAGEMENT		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Acquisition and Installation of Property		
Aircraft and Engine Accountability		
Aviation Clothing, Supplies and Equipment		
Aviation Safety Reporting		
Configuration Management (TTE & Devices)		
Contractor Purchased Equipment/Government Furnished Equipment/Material/Property		
Defense Reutilization Management Office (DRMO)		
Environmental Compliance Evaluation (ECE) Auditing Program (including Environmental and Natural Resources Management)		
Ground Support Equipment		
Grounds and Custodial Services		
Hazardous Material Control Program		
Housing Management		
Individual Material Readiness List (IMRL)		
Material Handling Equipment		
Minor Property		
Missing, Lost, Stolen or Recovered (MLSR) System		
Personal Property		
Plant Property (classes 1 & 2)		
Plant Property (classes 3 & 4)		
Precious Metal Recovery		
Special Purpose Electronic Test Equipment (SPETE)/General Purpose Electronic Test Equipment (GPETE) and other Test Equipment		
Technical Training Equipment (TTE) (including repair parts)		
Tool Accountability and Control		
Training Aids and Devices (non-audiovisual)		
Visual Information (VI) Program		

9. FUNCTIONAL CATEGORY: COMMUNICATIONS, SECURITY AND/OR INTELLIGENCE		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Arms Control and Security		
Information and Personnel Security Program (including classified material and message control)		
Military Working Dog Program		
Navy Brigs		
Operations Security		
Ordnance/Weapons Management		
Physical Security/Law Enforcement/Patrol Operations		
Telephone Billing and Collections		
Telephone Services and Usage		

10. FUNCTIONAL CATEGORY: INFORMATION TECHNOLOGY		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
ADP Equipment/Inventory Reporting (including Utilization)		
ADP Life Cycle Management		
ADP Training		
Automated Information Systems (AIS) Development (including design, implement, and maintenance)		
AIS Security		
Information Management/Technology (IM/IT)		
Requirements Determination and Feasibility Studies		
Software Development and Procurement		
Systems/Applications Control		
Video - Conferencing		
Video - Teletraining		
Word Processing		

11. FUNCTIONAL CATEGORY: PERSONNEL AND/OR ORGANIZATIONAL MANAGEMENT		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Aircraft Maintenance Tech Training (NAMTRAGRU)		
Aviation Accident Investigation and Reporting		
Aircraft Maintenance Tech Training (Procedures for Monitoring Financial Execution)		
Aircraft Maintenance Training Improvement Program		
Aircraft Maintenance Training Requirements Review		
Apprentice Training		
Awards - Civilian		
Awards - Military		
Bachelor Quarters Management		
Basic Instructor Training		

11. FUNCTIONAL CATEGORY: PERSONNEL AND/OR ORGANIZATIONAL MANAGEMENT		
WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Broadened Opportunity for Officer Selection and Training (BOOST)		
Civilian Personnel Administration: Employee Relations		
Civilian Personnel Administration: Employment (including promotion and internal placement)		
Civilian Personnel Administration: Performance Management (including performance appraisal review system and labor performance standards)		
Civilian Personnel Administration: Retirement		
Changing Requirements Process		
Command Managed Equal Opportunity (CMEO) for Military		
Course Accreditation Program		
Curriculum Development, Maintenance Review and Control		
Curriculum Development, Training		
Curriculum Management (Functional Commanders and Curriculum Control Authority)		
Defense Acquisition Workforce Improvement Act (DAWIA)		
Direct Commission Officer Indoctrination Course		
Disaster Preparedness Program		
Diving Safety		
Distributed Learning (including Navy Correspondence Courses)		
Drug/Alcohol Programs - Civilian		
Drug/Alcohol Programs - Military		
Education and Training Management Subspecialty (ETMS)		
Efficiency Review		
Electronics Safety		
Enlisted Education Military Advancement Program		
Enlisted Commissioning Program		
Enlisted Navy Training Requirement Reviews (NTRRs)		
Enlisted Training Program Managers/Specialists		
Equal Employment Opportunity (EEO) Programs		
Explosive Safety		
Feasibility Study		
Family Advocacy Program		
Family Services Center		
Federal Employees Compensation Act (FECA)		
Federal Employees Group Health Insurance		
Fire-fighting Certification		
Fleet Feedback/Liaison		
Flight Training (including simulators) - Enlisted		
Flight Training (including simulators) - Officer		

11. FUNCTIONAL CATEGORY: PERSONNEL AND/OR ORGANIZATIONAL MANAGEMENT		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Foreign Exchange Training Midshipmen Program		
General Military Training (GMT)		
General Safety Training		
Health and Physical Readiness		
In-service Training		
Inter-service Training Review Organization (ITRO)		
Instructor Certification/Evaluation/Utilization/Recognition		
Instructor of the Year (IOY) Program		
Integrated Logistics Support (ILS)		
Job Oriented Basic Skills (JOBS)		
Laser Safety		
Leadership Training		
Library Materials/Services		
Manpower Control, Ceilings and Strength Rating		
Master Training Specialist Program		
Military Leave Accounting		
Military Personnel Administration		
Naval Junior Reserve Officers Training Corps (NJROTC) (Headquarters Staff)		
Naval Reserve Officers Training Corps (NROTC) (Headquarters Staff)		
Navy Advancement Examinations		
Navy Civilian Personnel Data System		
Navy Military Training (NMT)		
Navy National Apprentice Program (NNAP)		
Navy Occupational Safety and Health (NAVOSH)		
Navy Training Master Planning System (NTMPS)		
New Platform Acquisition Program		
Officer Candidate School		
Officer Indoctrination School		
Officer Short Course Program		
Organizational Structure		
Pass/Decal Operations/Vehicle Registration		
Personal Excellence Program		
Personnel Qualifications Standards		
Position Management Program		
Quota Control		
Radiation Safety		
Rate Training		

11. FUNCTIONAL CATEGORY: PERSONNEL AND/OR ORGANIZATIONAL MANAGEMENT

WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Recruit Division Company Commander Training		
Recruit Training		
Schoolhouse Management (Course Level)		
Schoolhouse Reengineering		
Shipboard Training Enhancement Program (STEP)		
Small Arms Ranges		
Specialized Skills Contract Oversight		
Standards of Conduct - Civilian		
Standards of Conduct - Military		
Student Management (including Attrition Data and Control, and Planned vs Actual Student Input)		
Surface Warfare Training - Enlisted		
Surface Warfare Training - Officer		
Technical Audits		
Technical Publications		
Training Evaluation and Quality Assurance		
Training Excellence Award		
Training and Career Development (including Upward Mobility Program)		
Training Safety		
Traffic Safety		
Undersea Warfare Training - Enlisted		
Undersea Warfare Training - Officer		
Wage and Classification		

12. FUNCTIONAL CATEGORY: COMPTROLLER/RESOURCES MANAGEMENT

WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Accounting (including Contingent Liabilities and Adjustments to Obligations)		
Budget Execution		
Budget Formulation		
Civilian Timekeeping and Payroll		
Flight Hour Planning Factors		
Official Representation Funds		
POM Development		
Travel		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION A. ADMINISTRATIVE SUPPORT		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Administrative Services (filing, reports, tracking, etc.)		
Mail Management		
Management Control Program		
Public Affairs Program		
Reprographics/Printing		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION B. AUDIT		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Audit Follow-up/Liaison		
Command Evaluation Program		
Command Inspection Program		
Integrity and Efficiency Program		
Investigations (i.e., Hotlines)		
Local Audit Function		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION C. FACILITIES AND/OR BASE MAINTENANCE		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Annual Inspection Summary (AIS)		
Base Maintenance (including housing)		
Base Operating Support		
Building Inspection Program		
Commercial Activities Program		
Emergency Service/Minor Work Requests		
Energy Conservation Program		
Engineering		
Facilities Requirements/Management		
Fire Protection and Prevention Programs (including equipment)		
Fleet Real Property Maintenance (RPM) Readiness Condition Criteria		
Host/Tenant Relations (inter-service and intra-service)		
Land Space Management and Utilization (real estate)		
Maintenance of Real Property		
Maintenance Service Agreement/Contracts		
Military Construction (MILCON)		
Navy Resource Recovery and Recycling Program		
Planning and Estimating		
Self Help		
Special Projects		
Utilities Management		

Enclosure (3)

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION D. LEGAL		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Administrative Separation		
Contract Review/Claims Related Litigation		
Courts Martial		
Ethics - Financial Disclosure Report Review - Civilian		
Ethics - Financial Disclosure Report Review - Military		
Freedom of Information Act/Privacy Act		
Judge Advocate General Manual (JAGMAN) Investigation Review		
Litigation (other than contractual)		
Non-Judicial Punishment		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION E. MEDICAL		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Medical/Legal and Legal Risk Management		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION F. MORALE, WELFARE AND RECREATION		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Child Development Program		
Civilian Employee Morale, Welfare and Recreation		
Clubs and Messes Operations		
Common Support Services		
Navy Recreation, Athletics and Home Safety (RAHS) Program		
Non-appropriated Fund Accounting		
Personnel Support Equipment (PSE)		
Private Organizations		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION G. RELIGIOUS		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Chaplain Professional Development		
Command Religious Program		
Free Exercise of Religion		
Religious Offering Funds		
Suicide Prevention		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION H. DEFENSE ACTIVITY FOR NON-TRADITIONAL EDUCATION SUPPORT		
WORK PROCESS/ASSESSABLE UNIT	**COGNIZANT**	**INTEREST**
Certification Programs		
Counselor Support		
Distance Learning Program		
Exams Program Operations		

13. FUNCTIONAL CATEGORY: SUPPORT SERVICES SUBFUNCTION H. DEFENSE ACTIVITY FOR NON-TRADITIONAL EDUCATION SUPPORT		
WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Instructional Delivery Technology		
Reference Publications		
Training for Field Education Personnel		
Troops to Teachers		
Tuition Assistance Reimbursement		
14. FUNCTIONAL CATEGORY: SECURITY ASSISTANCE		
WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Cost Analysis (Security Assistance Pricing)		
DoD Informational Program (IP) Funds		
Foreign Military Sales/Training		
Foreign Military Sales/Training (Foreign Visits Program)		
Foreign Military Training, Delivery Reporting/Reimbursement		
International Military Training		
Release of Classified Material in Curriculum Sales		
15. FUNCTIONAL CATEGORY: OTHER SUBFUNCTION A. TRANSPORTATION		
WORK PROCESS/ASSESSABLE UNIT	COGNIZANT	INTEREST
Duty/Staff Vehicles		
Vehicle Inventory Control		
Vehicle Maintenance		
Vehicle Utilization		

INTERNAL CONTROL SYSTEM TEST AND OPERATIONAL RISK MANAGEMENT ASSESSMENT

1. **Work Process/Assessable Unit:**

2. **Way(s) tested?**   [ ] Performed a physical inspection or walk-
                             through of the process.
                         [ ] Reviewed documents.
                         [ ] Interviewed cognizant managers.
                         [ ] Evaluated data.

3. **Test results**   **YES**   **NO**

   a. Does the flowchart reflect the process?   [ ]   [ ]

   b. Is the process producing intended results?   [ ]   [ ]

   c. Are protections against fraud, waste, abuse, and
      mismanagement practices adequate?   [ ]   [ ]

   d. Are laws and regulations followed?   [ ]   [ ]

   e. Is the process effective, efficient, and economical?   [ ]   [ ]

   f. Has an Operational Risk Management Assessment been
      completed? (**Refer to OPNAVINST 3500.39, encl. (1)**)   [ ]   [ ]

      (1) Hazard Severity: (check one) Category I [ ] II [ ] III [ ] IV [ ]

      (2) Mishap Probability: (check one) Sub-category A [ ] B [ ] C [ ] D [ ]

      (2) Risk Assessment Code (RAC): (check one)   1 - Critical   [ ]
                                                    2 - Serious   [ ]
                                                    3 - Moderate   [ ]
                                                    4 - Minor   [ ]
                                                    5 - Negligible   [ ]

   g. Are the internal controls acceptable for reducing risks?   YES [ ] NO [ ]

4. **For any "NO" response above, indicate the remedial action planned and
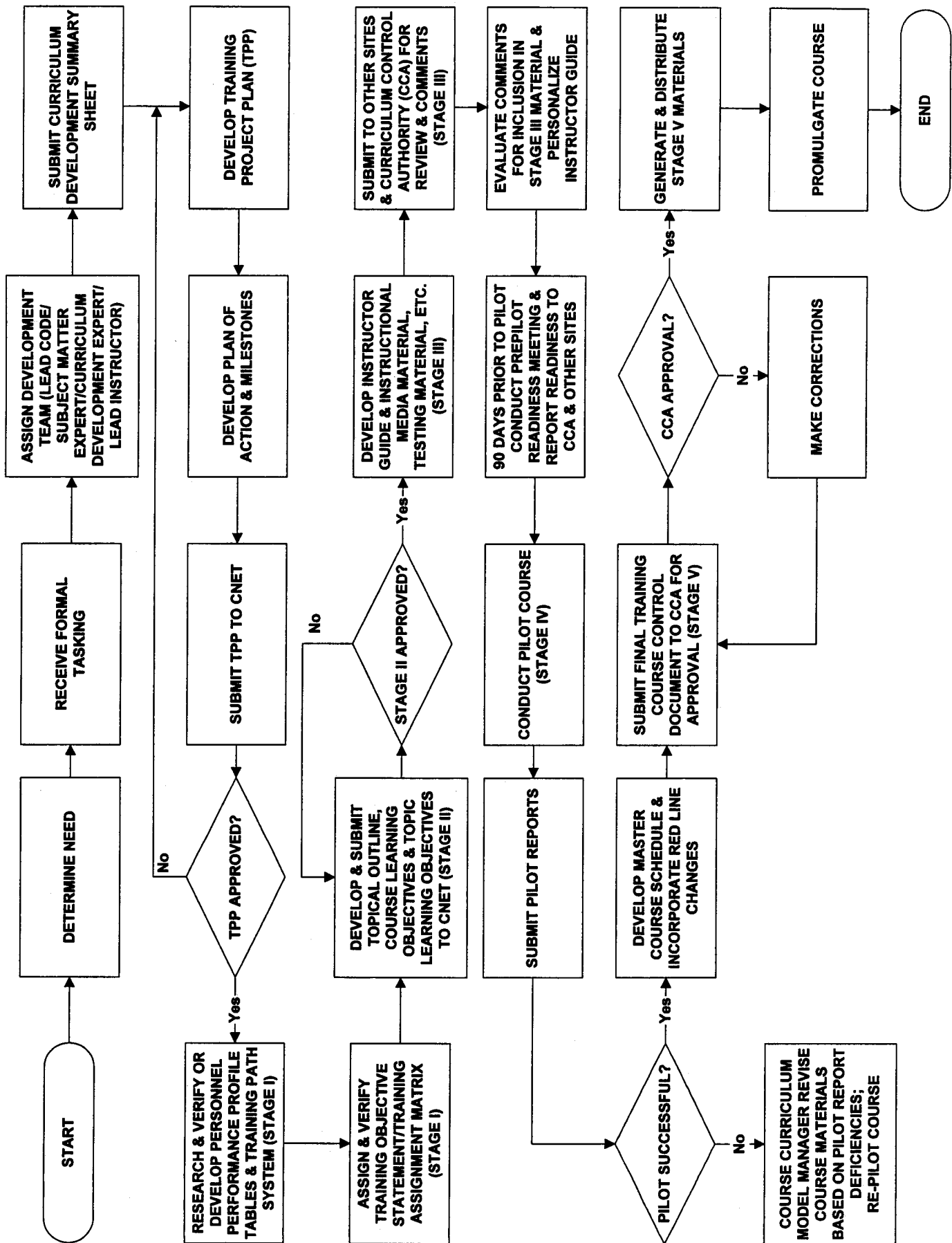   expected completion date.**

5. **Does this process warrant reporting to higher authority
   as a material weakness?**   YES [ ] NO [ ]

6. **Attested to by:** _____ **Date:** _____

CURRICULUM DEVELOPMENT - EXAMPLE OF MID-LEVEL FLOWCHART

START

DETERMINE NEED

RECEIVE FORMAL TASKING

ASSIGN DEVELOPMENT TEAM (LEAD CODE/ SUBJECT MATTER EXPERT/CURRICULUM DEVELOPMENT EXPERT/ LEAD INSTRUCTOR)

SUBMIT CURRICULUM DEVELOPMENT SUMMARY SHEET

RESEARCH & VERIFY OR DEVELOP PERSONNEL PERFORMANCE PROFILE TABLES & TRAINING PATH SYSTEM (STAGE I)

TPP APPROVED? — Yes / No

DEVELOP TRAINING PROJECT PLAN (TPP)

DEVELOP PLAN OF ACTION & MILESTONES

SUBMIT TPP TO CNET

ASSIGN & VERIFY TRAINING OBJECTIVE STATEMENT/TRAINING ASSIGNMENT MATRIX (STAGE I)

DEVELOP & SUBMIT TOPICAL OUTLINE, COURSE LEARNING OBJECTIVES & TOPIC LEARNING OBJECTIVES TO CNET (STAGE II)

STAGE II APPROVED? — Yes / No

DEVELOP INSTRUCTOR GUIDE & INSTRUCTIONAL MEDIA MATERIAL, TESTING MATERIAL, ETC. (STAGE III)

SUBMIT TO OTHER SITES & CURRICULUM CONTROL AUTHORITY (CCA) FOR REVIEW & COMMENTS (STAGE III)

EVALUATE COMMENTS FOR INCLUSION IN STAGE III MATERIAL & PERSONALIZE INSTRUCTOR GUIDE

90 DAYS PRIOR TO PILOT CONDUCT PREPILOT READINESS MEETING & REPORT READINESS TO CCA & OTHER SITES

CONDUCT PILOT COURSE (STAGE IV)

SUBMIT PILOT REPORTS

PILOT SUCCESSFUL? — Yes / No

COURSE CURRICULUM MODEL MANAGER REVISE COURSE MATERIALS BASED ON PILOT REPORT DEFICIENCIES; RE-PILOT COURSE

DEVELOP MASTER COURSE SCHEDULE & INCORPORATE RED LINE CHANGES

SUBMIT FINAL TRAINING COURSE CONTROL DOCUMENT TO CCA FOR APPROVAL (STAGE V)

CCA APPROVAL? — Yes / No

MAKE CORRECTIONS

GENERATE & DISTRIBUTE STAGE V MATERIALS

PROMULGATE COURSE

END

INTERNAL CONTROL SYSTEM TEST AND OPERATIONAL RISK MANAGEMENT ASSESSMENT

1. **Work Process/Assessable Unit**: Curriculum Development

2. **Way(s) tested?**   [X] Performed a physical inspection or walk-
                          through of the process.
                      [ ] Reviewed documents.
                      [ ] Interviewed cognizant managers.
                      [ ] Evaluated data.

3. **Test results**   YES   NO

   a. Does the flowchart reflect the process?   [X]   [ ]

   b. Is the process producing intended results?   [X]   [ ]

   c. Are protections against fraud, waste, abuse, and
      mismanagement practices adequate?   [X]   [ ]

   d. Are laws and regulations followed?   [X]   [ ]

   e. Is the process effective, efficient, and economical?   [X]   [ ]

   f. Has an Operational Risk Management Assessment been
      completed? (**Refer to OPNAVINST 3500.39, encl. (1)**)   [X]   [ ]

      (1) Hazard Severity: (check one) Category I [ ] II [ ] III [ ] IV [X]

      (2) Mishap Probability: (check one) Sub-category A [ ] B [ ] C [ ] D [X]

      (2) Risk Assessment Code (RAC): (check one)   1 - Critical   [ ]
                                                     2 - Serious   [ ]
                                                     3 - Moderate   [ ]
                                                     4 - Minor   [ ]
                                                     5 - Negligible   [X]

   g. Are the internal controls acceptable for reducing risks?   YES [X] NO [ ]

4. **For any "NO" response above, indicate the remedial action planned and
   expected completion date.** No remedial action is necessary. The controls are
   solid as found during the testing.

5. **Does this process warrant reporting to higher authority
   as a material weakness?**   YES [ ] NO [X]

6. **Attested to by:** I. M. Vigilant _____ Date: 12/10/99

SAMPLE ACTIVITY MANAGEMENT CONTROL CERTIFICATION STATEMENT

From: Responsible Official (Department Head, Commanding Officer,
        or Commander)
To: Next higher level in the chain of command

Subj: MANAGEMENT CONTROL CERTIFICATION STATEMENT

Ref: (a) CNETINST 5200.6C
        (b) CNETNOTE 5200 of _____

Encl: (1) Major Accomplishments (See Attachment A)
        (2) Material Weaknesses (See Attachment B)
        (3) Status of Corrective Actions (See Attachment B)

1. I have taken the necessary measures to ensure that the system
of internal controls in effect during Fiscal Year (current FY)
within the (Department or Command) has been evaluated in accor-
dance with references (a) and (b). Major accomplishments are
discussed in enclosure (1).

2. **(Make one of the following statements:)**

    I have reasonable assurance that management controls are in
place and operating effectively. The objectives of the Federal
Managers' Financial Integrity Act were achieved. (or)

    I have reasonable assurance that management controls are in
place and operating effectively, except for the material weak-
nesses discussed in enclosures (2) and (3). The objectives of
the Federal Managers' Financial Integrity Act were achieved. (or)

    I do not have reasonable assurance that controls are in place
and working effectively, as discussed in enclosures (2) and (3).
However, remedial action is being taken to ensure compliance with
the objectives of the Federal Managers' Financial Integrity Act.

3. Information to support the certification statement was
derived from process analyses, audits, inspections, investiga-
tions and other management information, such as knowledge gained
from daily operations of programs and functions.

                              _____
                              Signed by Appropriate Responsible
                                        Official

MAJOR ACCOMPLISHMENTS

1. General Information.

(a) Command/Activity: UIC:

(b) Department:

(c) Functional Category:

(d) Work Process (WP)/Assessable Unit (AU):

(e) Point of Contact:

2. Major Accomplishments.

Discuss major steps taken to promote a control-conscious environment within the activity, or measures to strengthen internal controls:

**MATERIAL WEAKNESS
OR STATUS OF CORRECTIVE ACTIONS**
- - - - - - - - - - - - - - - -
COMPLETE ONLY APPLICABLE AREAS

1. General Information.

(a) Command/Activity: UIC:

(b) Department:

(c) Functional Category:

(d) Work Process (WP)/Assessable Unit (AU):

(e) Point of Contact:

2. Material Weakness or Status of Corrective Actions.

(a) Title of Material Weakness:

(b) Description of Material Weakness and impact on operations:

(c) Source employed to identify material weakness (process analysis, audit finding, inspection, investigation or management studies).

(1) Source:

(2) Date Identified:

(d) Corrective Actions: [ ] Completed (Date:_____)
(Check applicable   [ ] Pending (Est. Completion Date:_____)
box, detail   [ ] Not correctable at this level. (Note who
actions and   must correct and why.)
milestones below.)

(e) Explain the methodology that will be (has been) employed to certify the effectiveness of the corrective actions:

Estimated Date of Certification: